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## FISCAL IMPACT REPORT

SPONSOR:     Ruiz                        DATE TYPED:   03/07/03   HB   HJM87  

SHORT TITLE:   Study Uninsured Motorist Issues   SB                     

ANALYST:   Hayes  

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	NFI				

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to HB 590

### SOURCES OF INFORMATION

No Response Received From  
Taxation and Revenue Department (TRD)

### SUMMARY

#### Synopsis of Bill

House Joint Memorial 87 requests the New Mexico Legislative Council Service to direct the appropriate interim committee to examine the issues surrounding uninsured motorists and to report its findings and recommendations, if any, to the second session of the forty-sixth Legislature.

#### Significant Issues

1. The Mandatory Financial Responsibility Act (MFRA) requires vehicle owners to maintain liability insurance or self-insurance so that they are able to pay damages arising out of a motor vehicle crash for which they are responsible.
2. Last year, MVD estimated that approximately 35% of New Mexico driver's were uninsured. According to a nationwide ranking by the insurance industry, New Mexico is number one in the nation for the highest rate of uninsured drivers.
3. The insured driver bears the costs of uninsured drivers by paying higher insurance premi-

ums and is not properly compensated when the person is a victim of an uninsured driver.

4. Inability to pay insurance premiums is one reason given why some drivers do not have liability insurance even though they own an automobile.
5. In the past, the state and the Legislature have tried various methods to reduce the number of uninsured motorists on New Mexico's road with limited success.

## **RELATIONSHIP**

HB 590 proposes reducing the amount of automobile liability coverage required for vehicle owners with incomes less than or equal to 150 percent of the federal poverty guidelines.

## **OTHER SUBSTANTIVE ISSUES**

Until now, the state's Motor Vehicle Division has not had a systematic way of verifying whether a driver has obtained vehicle liability insurance. Beginning in December 2002, enforcement of MFRA laws became a reality. A contractor is providing New Mexico with access to a national insurance database that regularly identifies uninsured vehicles. Upon identification of a non-compliant vehicle owner, a notification is sent to the owner stating that proof of insurance must be submitted within 30 days. If liability insurance is not obtained, then MVD will suspend the owner's vehicle registration. Progressive sanctions are imposed with continuing noncompliance, eventually requiring the owner to return the license plate and vehicle registration back to MVD.

The insurance database provides officers with a stronger tool for verification and enforcement. By all accounts, law enforcement agencies seem pleased. In the meantime, a highly visible campaign has been launched to inform the public about stronger enforcement of MFRA and to urge drivers to obtain liability insurance as required.

In a few months, MVD will be able to assess the success (or failure) of this new method of enforcement, re-calculate the percent of noncompliant drivers and report on industry changes.

**CMH/sb**